

## Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 ONY-00 /015 R

DRAFTED BY A/USOAS:RFILLING;AB  
APPROVED BY ARA;JBUSHNELL  
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-----061772 191828Z /53

R 191745Z JAN 78  
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E.O. 11652: GDS

TAGS: PBOR

SUBJECT: ARA WEEKLY HIGHLIGHTS JANUARY 11-17

1. JAMAICA'S DECISION JANUARY 13 TO DEVALUE ITS CURRENCY REPRESENTS THE MANLEY GOVERNMENT'S FIRST STEP IN NEGOTIATING A NEW EXTENDED FUND FACILITY AGREEMENT WITH THE IMF, AFTER IT FAILED TO COMPLY WITH THE TARGETS ESTABLISHED UNDER A STANDBY AGREEMENT CONCLUDED WITH THE IMF LAST YEAR. WHILE THE MAGNITUDE OF DEVALUATION WILL PROBABLY NOT PROVE SUFFICIENT TO PREVENT SIMILAR ACTIONS IN THE FUTURE, IT DID SERVE TO NARROW THE GAP BETWEEN THE SPECIAL AND BASIC RATES OF JAMAICA'S TWO-TIER EXCHANGE SYSTEM, A MOVE FAVORED BY THE IMF. THE DEVALUATION WILL ALSO PERMIT THE GOVERNMENT SIGNIFICANTLY TO INCREASE THE PRICE OF SOME BASIC COMMODITIES THAT WERE SUBSIDIZED BY SALE AT THE BASIC RATE. PRIME MINISTER MANLEY, IN A TELEVISED ADDRESS TO THE NATION  
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ANNOUNCING THE DEVALUATION, SAID THAT IN ORDER TO LESSEN THE IMPACT OF THIS ACTION ON THE POOR HE HAD DIRECTED INCREASES IN NATIONAL INSURANCE PENSIONS, PUBLIC ASSISTANCE GRANTS, AND THE MINIMUM WAGE.

2. LAST SUNDAY'S REFERENDUM IN ECUADOR ON TWO PROPOSED CONSTITUTIONS PROVIDING FOR RETURN TO CIVILIAN RULE, WAS A

RESOUNDING SUCCESS, WITH A REPORTED 94 PERCENT TURNOUT OF

ELIGIBLE VOTERS. BY A 10 PERCENT MARGIN VOTERS SELECTED THE MORE LIBERAL OF THE TWO CONSTITUTIONS PROVIDING FOR A ONE-TERM PRESIDENT WHO WILL SERVE FOR FIVE YEARS; ESTABLISHING A UNICAMERAL LEGISLATURE; AND ALLOWING ILLITERATES TO VOTE FOR THE FIRST TIME. ONLY 25 PERCENT OF THE VOTERS--SOMEWHAT LESS THAN HAD BEEN PREDICTED--CAST VOIDED OR BLANK BALLOTS. IF IT HAD GAINED GREATER SUPPORT, THIS PROTEST VOTE--URGED BY FORMER PRESIDENT VELASCO IBARRA AND OTHER POLITICAL LEADERS--WOULD HAVE CAST DOUBT ON THE PROCESS NOW UNDERWAY TO RETURN TO ECUADOR TO A CONSTITUTIONAL SYSTEM, AND WOULD HAVE REGISTERED FUNDAMENTAL DISAPPROVAL OF THE PRESENT MILITARY REGIME. THE NEW CONSTITUTION WILL TAKE EFFECT ON THE DAY THE NEW PRESIDENT TAKES OFFICE, PRESUMABLY LATE THIS YEAR. THE DATE HAS NOT YET BEEN SET, BUT THE PRESIDENTIAL ELECTION IS SCHEDULED FOR JULY 16.

3. CHILEAN POLICE ARRESTED 13 MIDDLE LEVEL LEADERS OF THE CHRISTIAN DEMOCRATIC PARTY'S LEFT WING WHO WERE HOLDING AN ILLEGAL POLITICAL MEETING IN THE OFFICE OF ONE OF THE 13. THE ARREST TOOK PLACE IN DOWNTOWN SANTIAGO DURING THE EVENING OF JANUARY 13. THE NEXT DAY, THE CHILEAN GOVERNMENT "RUSTICATED" 12 OF THE 13 - SENT THEM IN PAIRS TO REMOTE VILLAGES IN CHILE'S RUGGED CONFIDENTIAL

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ANDEAN NORTH. THIS APPARENT HARDENING OF REPRESSION WAS OFFSET TO SOME DEGREE BY GOC ACTION IN PERMITTING SEVEN VENEZUELAN EMBASSY ASYLEES TO LEAVE CHILE, AND IN PERMITTING THREE CHILEAN WOMEN PREVIOUSLY EXILED FOR "POLITICAL" ACTIVITIES (AGITATING FOR GOC ACCOUNTABILITY FOR THEIR MISSING HUSBANDS) TO RETURN TO CHILE.

MR. TODMAN MET WITH CHILE'S AMBASSADOR ON JANUARY 16 AND EXPRESSED OUR DEEP CONCERN. SIMILAR EXPRESSIONS OF CONCERN WERE MADE BY THE STATE DEPARTMENT'S PRESS SPOKESMAN ON JANUARY 17 IN RESPONSE TO QUESTIONS ABOUT THESE INTERNAL BANISHMENTS.

4. IN THE FIRST IMPORTANT ENCOURAGING HUMAN RIGHTS NEWS FROM ARGENTINA IN SOME TIME, CATHOLIC CHURCH AND HUMAN RIGHTS SOURCES IN ARGENTINA HAVE STATED THAT AT LEAST 300 OF 389 ANNOUNCED CHRISTMAS RELEASES HAVE BEEN CONFIRMED. THIS GOOD NEWS CONTRASTS WITH THE ARGENTINE GOVERNMENT'S CONTINUED FAILURE TO EXPLAIN THE DISAPPEARANCE OF THIRTEEN PERSONS FROM A BUENOS AIRES CHURCH IN DECEMBER. THESE DISAPPEARANCES STAND OUT AS A STARK EXAMPLE OF WHAT WE BELIEVE IS PRESIDENT VIDELA'S

CONTINUING INABILITY TO CONTROL HIS SECURITY FORCES.

5. THE BUREAU'S UNCLASSIFIED HUMAN RIGHTS REPORTS ARE IN THE FINAL STAGE OF THE CLEARANCE AND APPROVAL PROCESS. POSTS WILL BE PROVIDED FINAL TEXTS OF THE APPROVED VERSIONS BEFORE THEY ARE TRANSMITTED TO CONGRESS ON JANUARY 1.

6. PRELIMINARY DATA INDICATE THAT GSP IMPORTS FROM LATIN AMERICA IN 1977 INCREASED BY ABOUT 10 PERCENT OVER 1976

TO AROUND 1 BILLION DOLLARS. GLOBAL IMPORTS UNDER GSP WERE UP 25 PERCENT. WHILE ADJUSTMENTS FOR CHANGES IN COMPETI-  
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TIVE NEED STATUS WILL BE NECESSARY FOR AN IN-DEPTH EVALUA-  
TION, IT IS CLEAR THAT THE MORE DEVELOPED BENEFICIARY COUNTRIES REAPED MOST OF THE GAINS FROM GSP IN 1977. MEXICO AND BRAZIL ACCOUNTED FOR ALMOST ALL OF THE INCREASE FROM LATIN AMERICA. THE MOST IMPRESSIVE GAINS GLOBALLY WERE BY TAIWAN, KOREA, AND HONG KONG WHICH ALONE ACCOUNTED FOR ABOUT 50 PERCENT OF GSP IMPORTS. MORE DETAILED ANALYS S WILL BE FORWARDED TO POSTS WHEN FINAL DATA BECOMES AVAILABLE.

7. A MAJOR IRRITANT IN OUR MARITIME RELATIONS WITH GUATE-  
MALA WAS REMOVED WHEN THE GOG ENACTED LEGISLATION LIFTING DISCRIMINATION AGAINST U.S. SHIPPING LINES IN THE U.S./  
GUATEMALA TRADE. THIS ACTION CULMINATES A LENGTHY USG EFFORT TO CONVINCE THE GUATEMALANS THAT WE COULD NOT ACCEPT DISRIMINATORY TREATMENT AGAINST OUR LINES. A CONVINCING FACTOR IN THIS EFFORT WAS A FEDERAL MARITIME COMMISSION DECISION TO IMPOSE EQUALIZING PENALITES AGAINST GUATEMALAN LINES AS OF JANUARY 13. AS THEIR NEW LEGISLATION DOES NOT GO INTO EFFECT UNTIL FEBRUARY 20, THE GUATEMALANS HAVE ALSO AGREED TO GRANT WAIVERS TO U.S. LINES EXEMPTING THEM FROM THE OLD LEGISLATION'S DISCRIMINATORY PROVISIONS TO COVER THE JANURY 13-FEBRUARY 20 INTERVAL.

8. AT WHITE HOUSE REQUEST THE PRM-8 WORKING GROUP ON INCREASING PARTICIPATION OF LDCS IN THE INTERNATIONAL SYSTEM AND KEY ISSUES IN NORTH-SOUTH RELATIONS IS PREPARING A STRATEGY PAPER FOR 1978. IT IS DUE BY FEBRUARY 28. AS PART OF THE INITIAL WORK, EACH BUREAU HAS ALREADY PREPARED A PAPER COVERING KEY ISSUES, FUNCTIONAL AND GEOGRAPHIC. CONDENSED VERSIONS OF THOSE REPORTS WILL BE APPENDED TO THE FINAL GLOBAL PAPER--A COPY OF ARA'S IS BEING SENT TO ALL POSTS IN THE REGION.

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9. PEDRO JOAQUIN CHAMORRO, EX-PRESIDENT OF AN OPPOSITION COALITION, PUBLISHER OF THE COUNTRY'S LARGEST NEWSPAPER AND NICARAGUA'S MOST OUTSPOKEN AND BEST-KNOWN OPPONENT OF PRESIDENT ANASTASIO SOMOZA, WAS AMBUSHED AND SHOT IN CENTRAL MANAGUA JANUARY 10. ANTI-SOMOZA CROWDS RIOTED AND BURNED SEVERAL BUILDINGS JANUARY 11 AND RIOTED AGAIN THE FOLLOWING DAY. THE NATIONAL GUARD WERE APPARENTLY ORDERED TO HOLD THEIR FIRE, AND THE ONLY DEATH VERIFIED WAS OF A GUARDSMAN ATTACKED BY THE MOB.

THE GUARD ARRESTED FOUR NICARAGUANS WHO ADMITTED BEING THE KILLERS. THE LEADER OF THE FOUR CHARGED THEY WERE PAID TO ASSASSINATE CHAMORRO BY A U.S. CITIZEN OF CUBAN

ORIGIN, DR. PEDRO RAMOS, PRESIDENT OF A BLOOD PLASMA EXPORTING FIRM IN WHICH MEMBERS OF THE SOMOZA FAMILY WERE RUMORED TO HAVE AN INTEREST AND WHICH HAD BEEN VEHEMENTLY ATTACKED BY CHAMORRO. RAMOS, RESIDING IN MIAMI, DENIED THE ACCUSATION.

THE MOB VIOLENCE OF LAST WEEK HAS NOT RECURRED, AND THE COUNTRY IS TENSE BUT CALM. SOMOZA IS GOING TO GREAT LENGTHS TO CONVINCE THE NICARAGUAN PEOPLE HIS HANDS ARE

CLEAN, EVEN BROADCASTING THE HOURS-LONG INTERROGATION OF THE SUSPECTS LIVE ON NATIONAL RADIO WITH REPORTERS PRESENT. THERE IS NO EVIDENCE AT PRESENT OF INVOLVEMENT BY SOMOZA IN THE ASSASSINATION.

UNFORTUNATE RESULTS OF THE KILLING INCLUDE POSSIBLE DERAILING OF A NATIONAL DIALOGUE MOVEMENT AND INCREASED POLITICAL POLARIZATION.

10. URUGUAY'S OFFER TO ACT AS HOST TO THE VIII OASGA IS STILL PENDING. CONSIDERATION IN THE GENERAL COMMITTEE, DUE TO TAKE PLACE ON JANUARY 19, HAS NOW BEEN POSTPONED UNTIL  
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JANUARY 26 AT THE REQUEST OF THE US. FYI: THIS WILL PROVIDE US TIME TO PREPARE AN ANSWER FOR PRESIDENT CARTER TO THE LETTER FROM URUGUAYAN PRESIDENT MENDEZ SOLICITING OUR SUPPORT. AT ISSUE IS THE RELATIONSHIP BETWEEN THE GOU AND THE INTER-AMERICAN HUMAN RIGHTS COMMISSION, AN INTEGRAL PART OF THE OAS WITH WHICH THE GOU FINDS ITSELF AT LOGGER-HEADS. END FYI.

11. A MOST SUCCESSFUL MEETING BETWEEN DEPARTMENT OFFICIALS AND YOUNG HISPANIC LEADERS FROM ACROSS THE UNITED STATES TOOK PLACE JANUARY 16-17. THE MEETING WAS MARKED BY A FRANK AND USEFUL EXCHANGE OF IDEAS. CONCERN WAS EXPRESSED OVER THE LACK OF HISPANIC-AMERICANS IN POLICY LEVEL DEPARTMENT OF STATE POSITIONS AND THERE WAS SHARP QUESTIONING OF THE ADMINISTRATION'S PROPOSALS TO DEAL WITH THE FLOW OF UNDOCUMENTED WORKERS FROM MEXICO INTO THE UNITED STATES.

THE PROGRAM INCLUDED KEY DEPARTMENT PERSONNEL WHO DEAL WITH THE ENTIRE SPECTRUM OF INTER-AMERICAN ISSUES, INCLUDING AMBASSADOR TODMAN, RICHARD ARELLANO, AMBASSADOR BUNKER AND ABELARDO VALDEZ. OAS SECRETARY GENERAL ORFILA HOSTED A LUNCHEON AT THE PAN AMERICAN UNION AND EL CONGRESSO GAVE A RECEPTION ON CAPITOL HILL FOR SOME 300 PEOPLE INVOLVED IN HISPANIC-AMERICAN AFFAIRS. MANY MEMBERS OF CONGRESS WERE PRESENT. CHRISTOPHER

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## Message Attributes

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**Concepts:** POLITICAL SUMMARIES  
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**Copy:** SINGLE  
**Draft Date:** 19 jan 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
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**Errors:** N/A  
**Expiration:**  
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**Office:** ORIGIN ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** ONLY, STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** ONLY, STADIS  
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**Retention:** 0  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Status:** NATIVE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014